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SUBJECT: RUSSIA CAUTIOUSLY OPTIMISTIC ABOUT NAGORNO-KARABAKH

Classified By: Deputy Pol MinCouns David Kostelancik for reasons 1.4(b)  
and (d)

¶1. (C) Summary: In a December 10 meeting, MFA Counselor Elena Kravchenko said the Minsk Group planned to organize another meeting of the Armenian and Azerbaijani presidents in the new year. She said the major obstacles for a conflict resolution were the Lachin corridor and the unwillingness of the Azerbaijani and Armenian societies to accept any compromise. Armenian president Sargsian's preparations for a referendum were a sign of progress, as was recent acceptance of the notion of a referendum in the Azerbaijani press. Denying Russia was conducting checkbook diplomacy by offering to buy Azerbaijani gas at high prices, Kravchenko insisted Russia's influence in the region was limited by the counterbalancing Armenian and Azerbaijani lobbies in Russia. Irina Zvyagelskaya from the International Center for Strategic and Policy Studies called for the inclusion of Nagorno-Karabakh as a third party in negotiations, and suggested Russia preferred a conflict resolution where Armenia and Azerbaijan committed to political neutrality. End Summary.

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Recent events, next steps  
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¶2. (C) In a December 10 meeting, MFA Counselor for the Nagorno-Karabakh conflict Elena Kravchenko described the recent activity on Nagorno-Karabakh as follow-through to the November 2 Moscow Summit statement, in which Azerbaijani and Armenian presidents Aliyev and Sargsian tasked their foreign ministers to work with the Minsk Group to activate the Nagorno-Karabakh negotiation process. This included the mid-November co-chair visit to the region, the foreign ministers' meeting in Helsinki December 4, and plans for either a January meeting (possibly in Davos) between the foreign ministers of Armenia and Azerbaijan, or for another co-chair trip to the region. The January event would serve to set up a new meeting between Aliyev and Sargsian.

¶3. (C) Despite initially having voiced concerns about Aliyev's November 27 assertion to RAI International that Azerbaijan would "never rule out the military way as a way of restoring our territorial integrity," Kravchenko denied that this had in part caused the Minsk Group's foreign ministers to release a statement at the Helsinki OSCE Forum December 4-5, rejecting any military solution of the conflict. Kravchenko said Aliyev had simply restated a well-known position in order to put pressure on Armenia.

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Significant obstacles  
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¶4. (C) Kravchenko warned that, despite press reports of a new dynamism in resolving the Nagorno-Karabakh conflict, significant stumbling blocks remained. The first was the question of the Lachin corridor, where, despite progress made

in comparison with the situation years ago, the sides were still far from finding common agreement. The other major problem according to Kravchenko was the internal political situation in both Armenia and Azerbaijan. Given internal popular opposition to any solution that did not reflect hard-line domestic demands, both presidents needed to prepare and educate their respective countries' populations and governments to accept a compromise, without internally destabilizing the country.

15. (C) Kravchenko cautioned that the issues remaining to be resolved were becoming increasingly difficult, requiring presidential involvement by the conflict parties. She also noted that agreements on individual Basic Principles often evaporated when considering the package as a whole, as then each side inevitably claimed the principles were weighted in favor of the other side.

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Russia "cautiously optimistic"  
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16. (C) However, Kravchenko agreed there was progress, too. She noted that in an editorial published in Azerbaijan December 9, the author described the idea of a referendum on the status of Nagorno-Karabakh as "nothing terrible," and then proceeded to estimate result of such a vote based on the ethnicity of the population. What was remarkable, according to Kravchenko, was that the author accepted the idea of a referendum, which she claimed had been heretofore impossible to present in Azerbaijani media. Kravchenko pocketed this as the result of the continuous prodding, cajoling, and

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advocating by the Minsk Group co-chairs and others.

17. (C) In Armenia, Sargsian had also started to take positive action, Kravchenko said. Shortly after the November 2 summit in Moscow, Sargsian had "bravely" launched cabinet deliberations to lay the groundwork for a referendum on the status of Nagorno-Karabakh. As a result, Russia was "cautiously optimistic" about the possibility for progress on resolving the Nagorno-Karabakh conflict.

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Russian influence limited  
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18. (C) Kravchenko denied that the GOR had any special influence in the region it could exert in favor of resolving the Nagorno-Karabakh conflict, but then clarified to say that the GOR had no insight into the internal political processes Aliyev and Sargsian had to manage in order to sway the populaces in favor of a compromise solution. She initially brushed off as "laughable" the suggestion Russia was conducting checkbook diplomacy by offering to buy Azeri gas in return for a conflict resolution in Azerbaijan's favor, claiming that notion was a "typical Azeri way of thinking," as evidenced by the GOAZ's "offer to buy Nagorno-Karabakh from Armenia." Suggesting Azerbaijan had floated the gas-for-resolution idea to Russia, not vice versa, Kravchenko insisted that Russia had no intention of breaking the solid front of the three Minsk Group co-chairs by striking a separate deal with a conflict party. Finally, the presence of significant diaspora populations from both Armenia and Azerbaijan prevented Russia from advocating any resolution that favored one side over the other. However, Kravchenko allowed that she could imagine there might be "oscillations" in the GOR on how to handle the idea of buying gas in return for conflict resolution.

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Analyst's views  
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19. (C) Irina Zvyagelskaya from the International Center for

Strategic and Policy Studies asserted that one key element in a lasting resolution of the Nagorno-Karabakh conflict was the inclusion of Nagorno-Karabakh as a third and separate conflict party, as Armenia's and Nagorno-Karabakh's interests were not identical. While giving the Minsk Group positive grades for its efforts, she also detected fault lines between the co-chair nations. The presence of European or U.S. troops would exert a calming influence in the region, but Russia would never allow NATO country troops to be stationed there. Russia's preferred resolution of the Nagorno-Karabakh situation included the neutrality (for which read rejection of NATO membership) of the involved countries, according to Zvyagelskaya.

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